

DUCKETT

OCT 9 1979

FILED

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS

OCT 3 1979

BALLY MANUFACTURING
CORPORATION,

Plaintiff,

vs.

D. GOTTLIEB & CO., WILLIAMS
ELECTRONICS, INC. and
ROCKWELL INTERNATIONAL
CORPORATION,

Defendants.

H. STUART CUNNINGHAM
At _____ o'clock
CLERK

Civil Action No.

78 C 2246

ROCKWELL'S REPLY TO PLAINTIFF'S
OPPOSITION TO MOTION TO DISMISS

This is the reply of Defendant, Rockwell International Corporation ("Rockwell"), to Plaintiff's Opposition to Rockwell's Motion to Dismiss. The issues in this Motion are now clearly framed in light of Plaintiff's statement of its opposition. Plaintiff has filed no contravening affidavits or other evidence to disprove the now uncontested fact that without programming, the Gottlieb controller manufactured and sold by Rockwell to Gottlieb is a general purpose controller suitable for non-infringing uses.

The first legal issue to be addressed therefore is

"Whether merely selling a known microcomputer as part of a general purpose controller suitable for substantial non-infringing uses may become a contributory infringement of a combination of means claim solely because it is programmed in a well known and standard procedure with an algorithm that cannot be a material part of the claimed invention?"

Once it is established that there can be no contributory infringement, the next legal issue to be resolved is:

"Whether the mere seller of a staple item of commerce which is not a contributory infringement can be held liable under 35 U.S.C. 271 (b) as inducing infringement?"

Resolution of this issue as a matter of law does not reach the "fact issues" such as intent to induce and production design changes which Plaintiff attempts to raise.

The third and final issue is:

"Are actions for contributory infringement and for inducement under 35 U.S.C. §§ 271 (b) and (c) proper against a supplier of part of the accused structure when the alleged direct infringer is available to yield complete recovery to the patent owner."

Plaintiff's alleged "fact issues" and points will now be addressed.

I. There Must be Genuine Issues of Material Fact to Avoid Summary Judgment

Rockwell concedes that its Motion to Dismiss under Rule 12 Fed. R. Civ. P. should be treated as a Rule 56 Motion for Summary Judgment. Plaintiff has accurately quoted Rule 56 (c) but apparently ignores what Plaintiff terms "manifestly the most important part of the rule -- indeed the very heart of the rule." To avoid summary judgment there must be

"No genuine issue as to any material fact..." (emphasis added)

A mere fact issue is insufficient; it must be a material fact, and it must give rise to a genuine issue.

Rockwell maintains that the requisites for Summary Judgment are present for the issues as posed and that its Motion to Dismiss should be granted because no genuine issues of material fact have been raised by Plaintiff in its opposition.

II. Any Fact Issues Raised by
Plaintiff Need not be Addressed
In this Motion

In its opposition, Plaintiff attempts to develop immaterial "fact issues" of (1) intent to induce and (2) minor production design changes or refinements after patent issuance in an attempt to divert attention from the legal issues which Defendant Rockwell has placed before the court.

It is Rockwell's position as stated in its Memorandum in Support of its Rule 12 Motion to Dismiss that when Rockwell comes within the specific exception of 35 U.S.C. § 271 (c), it cannot as a matter of law violate paragraph (b) of § 271.

Plaintiff summarily dismisses this issue without citation of authority by proclaiming that "contributory infringement (which infringement is under S 271 (c)) is totally irrelevant to a finding of liability under S 271 (b) for inducement."

However, Nordberg Mfg. Co. v. Jackson Vibrators, Inc., 153 U.S.P.Q. 777 (N.D. Ill. 1967), cited by Plaintiff in its Memorandum, refused to dismiss the issue so cavalierly. It states at 785:

"While the statute's history and purpose suggest no barrier to holding liable under §271 (b) a defendant also liable under § 271 (c), the more difficult question is whether a defendant excused from contributory infringement under § 271 (c) can nonetheless be held under § 271 (b)."

Rockwell submits that it cannot be liable as an inducer under § 271 (b) in the present circumstances. As established in its Memorandum and accompanying Wall affidavit, Rockwell is a mere seller of production devices and has been since well prior to patent issuance. As a matter of law this places Rockwell specifically within the exceptions of § 271 (c) -- and the alleged issue of intent is immaterial.

The minor production design refinements made by Rockwell are also immaterial to the issue of inducement. There is no allegation that any of those circuit alterations changed the general purpose character of the Rockwell controller. Neither does Bally contend that any of those design changes represented an adoption of a circuit of the Bally invention. Thus, changing the type of battery used on the control board is not an inducement to infringe the claims of the patents in suit. Nowhere do the claims of the patent mention a battery. The type battery that is used is immaterial for purposes of infringement of the claims of the patent. The same is true for resistors and diode tolerances. They are immaterial for purposes of infringement. In order to be guilty of inducement, a defendant must induce someone not an infringer to become one by using the elements of the claims. Nationwide Chemical Corp. v. Wright, 458 F. Supp. 828, 839-40 (M.D. Fla. 1976), aff'd, 584 F.2d 714 (5th Cir. 1978); Plastering Development Center, Inc. v. Perma Glas-Mesh Corp., 371 F. Supp. 939, 950 (N.D. Ohio 1973) Anything else is immaterial and irrelevant.

Assume, arguendo, that a third party encouraged Gottlieb to change the general purpose metal roller ball on one of Gottlieb's machines to another general purpose ball which also happens to be especially suitable for use in computer pinball. Carried to its logical conclusion, Bally's argument would dictate that such a "design change" would be an inducement of infringement. Such a result would be absurd, because encouraging Gottlieb to change pinballs on its machine does not induce Gottlieb to infringe the claims of the patent in suit. And this is so even though the ball is a claimed element of the invention. The induced change must be material to infringement of the patent.

To hold otherwise would probably subject every supplier of standard staple parts to liability under § 271 (b).

III. The Issue of Inducement of Infringement is a Proper Subject for Summary Judgment

In its brief, Plaintiff miscites the Nordberg case. Nordberg does not establish that active inducement requires a showing of subjective intent to induce. On the contrary, Nordberg at 785 speaks in terms of "knowledge":

"A showing of sufficient knowledge to meet the requirements of § 271 (c) as established by Aro II is sufficient to impose liability under § 271 (b)."

The only "knowledge" issue raised by Plaintiff, however, is not in dispute. Defendant Rockwell admits that it had knowledge of the patent in suit prior to the filing of the Amended Supplemental Complaint against Rockwell.

And quite to the contrary of Plaintiff's assertion that an issue of inducing infringement is not proper for summary judgment, the courts in Steelcase Inc. v. Emeco Industries, Inc., 192 U.S.P.Q. 662 (N.D. Ill. 1976) and in Amtron, Inc. v. Nordson Corp., 180 U.S.P.Q. 27 (N.D. Ill. 1973) held otherwise, granting summary judgment and Rule 12 (b) motions!

Plaintiff cites Conrad v. Delta Airlines 494 F.2d 914, 918 (7th Cir. 1974) as support for its position that summary judgment is inappropriate where the underlying issue is one of subjective fact. Rockwell submits that this misstates the law as it applies to this case. Conrad only stands for the limited proposition that summary judgment is inappropriate when a party's subjective intent or motivation is the ultimate issue of fact. This is made clear in Wang v. Lake Maxinhal Estates, Inc., 531 F. 2d 832, 835 (7th Cir. 1976). The intent to induce infringement issue raised by Plaintiff is a red herring because it is not material; it is not an ultimate issue of fact.

IV. Sale of a General Purpose Computer Controller Suitable for Substantial Non-infringing Uses may not become a Contributory Infringement Under 35 U.S.S. §271 (c) Solely because it is Programmed with an Algorithm Which is not a Material Part of the Invention

There is no genuine issue of material fact regarding the suitability of Rockwell's controller for substantial non-infringing use. Plaintiff has submitted no contravening affidavits or other evidence establishing that the Rockwell controller, when unprogrammed, is anything

other than like the Rockwell STC controller; i.e., a general purpose industrial controller which by definition is a staple item of commerce suitable for non-infringing uses. The legal issue thus becomes whether merely programming the controller for a specific application can legally render it (1) into a non-staple article of commerce, (2) not "suitable for substantial non-infringing use" as set forth in 35 U.S.C. 271 (c), when the programming is not a material part of the invention.

As Rockwell has set forth in its Memorandum accompanying its Motion to Dismiss, resolution of this legal issue simplifies as follows:

1. The programming cannot constitute a "material" part of the invention, because algorithms constituting the programming are outside the scope of patentable subject matter. Parker v. Flook, 437 U.S. 384 (1978); Gottschalk v. Benson, 209 U.S. 63 (1972); and
2. The mere programming of a general purpose computer controller (a staple item of commerce suitable for non-infringing uses) cannot render it (1) into a non-staple article (2) suitable only for infringing use, because a general purpose computer cannot infringe a combination of means claim (such as the claims of the patent in suit) when the accused computer performs the patented combination of functions only due to its programming. Digitronics Corp. v. New York Racing Ass'n, 187 U.S.P.Q. 602, 640 (E.D.N.Y. 1975), aff'd 553 F. 2d 740 (2d Cir. 1973), cert. denied, 434 U.S. 860 (1977)

V. Alleged Sales of Computer Pinball Controllers to Others in Gottlieb Are Not Relevant to Issues of the Present Lawsuit

Plaintiff complains that Rockwell has impeded discovery into Rockwell's selling of computer controllers to others than parties named in the lawsuit. Plaintiff cites alleged sales by Rockwell to Brunswick

Corporation ("Brunswick" -- a corporation residing in Skokie, Illinois) of a "control curcuit for use in a solid state pinball machine" as relevant to the present issues of contributory infringement and inducement. These allegations are easily seen through when considering that:

1. Brunswick is not a party to the present litigation (even though Brunswick has a principal place of business subject to the jurisdiction of this court):
2. Plaintiff has not accused the Brunswick pinball game as being a direct infringement of the patent in suit: and
3. Without the allegation that the Brunswick pinball game is a direct infringement, there can be no contributory infringement or inducemtn for selling parts thereof. See Deepsouth Packing Co. v. Laitram Corporation, 406 U.S. 518 (1972).

Rockwell has yielded to Plaintiff discovery which is relevant to the issues at hand. The issues are legal and are ripe for adjudication.

VI. Rockwell Should be Dismissed When the Accused Direct Infringer is Available to Yield Complete Recovery to the Patentee.

On page 13 of its Memorandum, Plaintiff recites a quote of Justice Black from Aro Mfg. Co. v Convertible Top Replacement Co., 377 U.S. 476 (1964):

"I can think of nothing much more unfair than to visit the infringement sins of a large manufacturer upon the thousands of ultimate purchasers who buy or use its goods."

Rockwell wholeheartedly agrees with Plaintiff that Justice Black characterizes the proper situation and reasoning behind Sections 271 (b), (c) providing for contributing infringement and inducement -- where there are many

direct infringers and only one alleged contributory infringer, and the patentee would have to bring many separate lawsuits against the direct infringers in order to be made whole. In this situation, 35 U.S.C. § 271 (b), (c) were enacted so that the Patentee could seek redress from the single alleged contributory infringer or inducer rather than seek partial recovery from many direct infringers at the additional inconvenience of many suits.

In the present case, the accused direct infringer, Gottlieb, is available -- and the present single lawsuit against Gottlieb provides Plaintiff with the means to seek complete recovery if justice so requires.

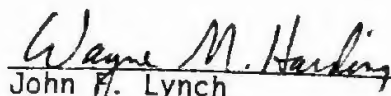
It is certainly understandable that Plaintiff in its Memorandum fails to address the intent of Congress in inacting Section 271 (c) -- the title of the earlier version of the bill that became 35 U.S.C. § 271 tells all:

"to provide for the protection of patent rights wherein enforcement against direct infringers is impracticable."

CONCLUSION

There are no genuine issues of material facts to be resolved. The issues are ripe for determination on summary judgment. Rockwell should be dismissed as a party defendant in this action.

Respectfully submitted,


John F. Lynch
Wayne M. Harding
ARNOLD, WHITE & DURKEE
2100 Transco Tower
Houston, Texas 77056
(713) 621-9100

Charles S. Oslakovic
LEYDIG, VOIT, OSANN, MAYER & HOLT
Suite 4600
One IBM Plaza